

Disaster Assistance, Mitigation Grants, and the CRS Program

November 19, 2008



Agenda

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- **Disaster Assistance/Insurance**
 - Individual Assistance
 - Public Assistance
 - Insurance vs DA
 - **FEMA Mitigation Grant Programs**
 - Pre-disaster
 - Post-disaster
 - **CRS Program and Possible NLSP Credits**



Disaster Assistance

- **Disaster assistance provided by FEMA is intended to supplement financial assistance from other sources in the event of a Federally declared disaster.**
- **Can come in the form of federal disaster grants or loans**
 - Individual Assistance
 - Public Assistance



Stafford Act

Key provisions in the Stafford Act guide the insurance policies and procedures:

- **Disaster assistance will not be provided for damage or losses covered by insurance**
- **Insurance coverage must be subtracted from all applicable IA loans and PA grants in order to avoid duplication of financial assistance**
- **Applicant must obtain insurance on damaged insurable facilities as a condition of receiving IA loan/PA grant funding**
- **In addition, the applicant must maintain insurance on those facilities in order to be eligible for IA/PA funding in future disasters.**
- **FEMA will reduce the amount of eligible IA/PA funding for flood losses in the SFHA**



Individual Assistance

- **Individual and Households Program (IHP) provides assistance to victims of Presidentially declared disasters.**
 - Temporary housing, financial assistance for repairing a damaged dwelling
 - Assistance with other disaster-related needs such as transportation or medical and dental expenses incurred as a result of the disaster.
- **It is meant to help with critical expenses that cannot be covered in other ways**
 - Not intended to restore an individual's damaged property to pre-disaster condition
- **Housing assistance funds available through the IHP are minimal**
- **Most disaster assistance from the Federal government is in the form of loans, that must be paid back with interest, administered by the SBA**



SBA Loans

- **When the President declares a major disaster for individual assistance, SBA's disaster assistance programs are automatically activated**
- **Federally subsidized loans to repair or replace homes, personal property or businesses that sustained damages not covered by insurance.**
- **Only uninsured or underinsured losses are eligible**
 - Homeowners - Max amount of \$200K for real estate (only to pre-disaster conditions) and \$40K for personal property
 - Businesses – Up to \$2M
- **For many individuals the SBA disaster loan program is the primary form of disaster assistance**
- **3 types of disaster loans to qualified homeowners and businesses**



What Types of Disaster Loans are Available?

- **Home Disaster Loans –**

- Loans to homeowners or renters to repair or replace disaster damaged real estate or personal property owned by the victim.

- **Business Physical Disaster Loans –**

- Loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible.

- **Economic Injury Disaster Loans (EIDLs) –**

- Working capital loans to help small businesses, small agricultural cooperatives and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster.
- These loans are intended to assist through the disaster recovery period.
- EIDL assistance is available only to entities and their owners who cannot provide for their own recovery from nongovernment sources, as determined by the SBA.



Public Assistance

- **The objective of the PA Grant Program is to provide assistance to State, Tribal and local governments, and certain types of Private Nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President.**

- **Public Assistance may include grant assistance for :**

- Debris removal
- Emergency protective measures and
- Repair, replacement, or restoration of disaster-damaged, publicly owned facilities

- **Generally a 75/25 cost share**

- **The PA Program also encourages protection of these damaged facilities from future events by providing assistance for hazard mitigation measures during the recovery process.**



Flood Insurance Requirements

- **If financial assistance is provided, flood/hazard insurance is required, even if damaged building is replaced by a new one.**
 - Required to inform the new owner of this obligation
- **Likely ineligible for future disaster assistance for those who do not comply with this requirement**
- **Financial assistance reductions are applied for situations where insurance is required (i.e. SFHAs)**



MYTH: Federal disaster assistance will pay for flood damage

FACT:

- **Before a community is eligible for disaster assistance, it must be declared a federal disaster area.**
- **Federal disaster assistance declarations are issued in less than 50 percent of flooding events.**
- **And even when they are, aid is usually in the form of a loan which must be paid back with interest.**
- **Furthermore, if you are uninsured and receive federal disaster assistance after a flood, you must purchase flood insurance to remain eligible for future disaster relief.**



Available Aid for Disasters

Declared Disaster		Undeclared Disaster	
With Flood Insurance	Without Flood Insurance	With Flood Insurance	Without Flood Insurance
NFIP SBA IHP	SBA IHP	NFIP	None



Benefits of Flood Insurance vs. Disaster Assistance

Flood Insurance	Disaster Assistance
You are in control. Flood insurance claims are paid even if a disaster is not declared by the President	Most forms of federal disaster assistance require a Presidential declaration
25% of all claims paid by the NFIP are outside of the SFHA. 33% this past year.	Federal disaster assistance declarations are awarded in less than 50% of flooding events
There is no payback requirement	The most typical form of disaster assistance is a loan that must be repaid with interest
Flood insurance policies are continuous, and are not non-renewed or cancelled for repeat losses	The duration of a SBA disaster home loan is usually 30 years
Flood insurance reimburses you for all covered losses up to \$250K for homeowners and \$500K to businesses	The average Individual and Housing Program (IHP) award is \$4,000 and up to \$8,000?
The average cost of a \$100K flood policy is about \$500 annually. The cost of a \$50K flood policy is less than \$200, depending on where you live	Repayment on a \$50K SBA disaster home loan is \$240 a month or \$2,880 annually at 4% interest



FEMA Mitigation Assistance Programs

■ Pre-Disaster

- Pre-Disaster Mitigation Program (PDM)
- Flood Mitigation Assistance Program (FMA)
- Repetitive Flood Claims (RFC)
- Severe Repetitive Loss (SRL)

■ Post-Disaster

- Hazard Mitigation Grant Program (HMGP)



FEMA Mitigation Assistance Programs

- Many application requirements are identical for all programs
- Strong project applications may be considered under multiple grant programs
- Unified Guidance
- One application period for all pre-disaster programs



Federal-State-Local Framework

- **Each program follows this basic process:**
 - **Local governments** apply for assistance and grants
 - **State governments** assist locals, review grants, and submit applications to FEMA
 - **FEMA** reviews grant applications and makes funding determinations; also provides technical assistance to states and locals
 - Limitations in PDM program for technical assistance



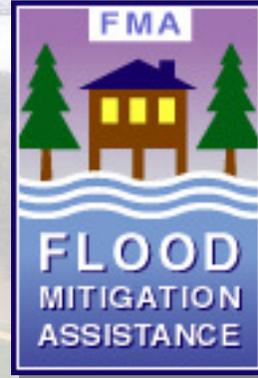
Pre-Disaster Mitigation Program (PDM)

- **Annually funded grant program to help with to help with hazard mitigation planning and mitigation projects before a disaster occurs; not tied to disasters**
- **Funds are awarded on a nationally competitive basis; though there is also a set-aside**
- **All applications must go through the state for prioritization before submission to FEMA**
- **Project applications are reviewed by a national evaluation panel and technical experts**



Flood Mitigation Assistance Program (FMA)

- **An annual mitigation program for NFIP policyholders managed by the States**
- **Allocation to each State based on number of policies and repetitive loss properties in that State**
- **Intent is to reduce or eliminate the long-term risk of flood damage to buildings, homes, and other structures that are insured under the NFIP**
- **States set funding priorities**



Repetitive Flood Claims Program (RFC)

- **A nationally competitive program that funds mitigation projects for certain repetitive loss properties in communities or states that cannot participate in the FMA program because they:**
 - Do not have funds for the non-federal match or
 - Lack the capacity to manage FMA grant activities.
- **\$10 million annually and up to 100% Federal funding**



Severe Repetitive Loss Program (SRL)

- The purpose of the SRL Program is to provide funding to reduce or eliminate the long-term risk of flood damage to severe repetitive loss (i.e., residential properties with a high frequency of losses or a high value of claims) residential structures insured under the NFIP
- Funds are awarded on both an allocation and competitive basis
- All applications must go through the state for prioritization before submission to FEMA
- Project applications are reviewed by FEMA and technical experts



SRL Cont'd

The definition of an SRL property dictates who can participate in the program

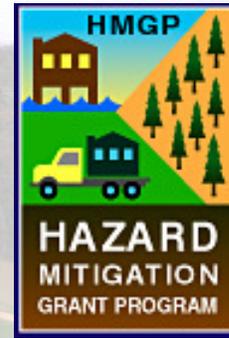
SRL Program Eligibility Requirements

Residential property;
NFIP Participation;
Four NFIP claim payments of \$5,000 or more; or
Two separate claims with cumulative amount of the building portion exceeding the market value; and
At least two claims must have occurred within any 10-year period, and must be greater than 10 days apart



Hazard Mitigation Grant Program (HMGP)

- Activated after a Presidential disaster declaration
- Allocated during the immediate recovery period
- Intended for investment in long-term mitigation measures to reduce vulnerability to natural hazards
- Available funds equal at least 15% of the total Federal assistance for a disaster
 - 20% for enhanced HMPs
- States manage the program and set the funding priorities



HMA Levee Project Eligibility

- Eligible:
 - Localized/minor flood reduction projects, such as certain ring levees and floodwall systems that are designed specifically to protect critical facilities and that do not constitute a section of a larger flood control system
- Ineligible:
 - **Major flood** control projects related to the construction, demolition, or repair of dams, dikes, levees, floodwalls, seawalls, groins, jetties, breakwaters, waterway channelization, and erosion projects related to beach nourishment or re-nourishment.



NFIP Community Rating System

CRS Objective

- To reward communities that are doing more than meeting the minimum NFIP requirements to help their citizens prevent or reduce flood losses. The CRS also provides an incentive for communities to initiate new flood protection activities.

What is the CRS?

- Voluntary incentive program
- Provides reduced flood insurance premiums in return for better floodplain management
- Modeled after the fire insurance rating system

CRS Goals

- ✓ Reduce flood losses
- ✓ Strengthen and support insurance aspects of NFIP
- ✓ Encourage comprehensive floodplain management



CRS Class and Premium Reductions

	<u>Class</u>	<u>Points</u>	<u>SFHA</u>	<u>Non-SFHA</u>
1		4,500	45%	10%
2		4,000	40%	10%
3		3,500	35%	10%
4		3,000	30%	10%
5		2,500	25%	10%
6		2,000	20%	10%
7		1,500	15%	5%
8		1,000	10%	5%
9		500	5%	5%
10			0	0



CRS Quick Facts

- CRS First Year - 1990
- 1,089 participating communities
- 66% of all NFIP policies are in CRS communities
- 10 CRS Classes. Number of communities in each class.

Class 1-4	5	Class 5	41
Class 6	81	Class 7	217
Class 8	431	Class 9	174
Class 10	151		



Minimum Requirements

- To participate a community must fill out an application and submit documentation that shows what it is doing
 - Activities deserve at least 500 points.
- There are four prerequisites to applying to become a Class 9 or better community:
 - Must be in the Regular Phase of the NFIP for at least one year
 - Must be in full compliance with the minimum requirements of the NFIP
 - If there are one or more repetitive loss properties in the community, the community must take certain actions
 - The community must maintain all flood insurance policies that it has been required to carry on properties owned by the community
- Additional prerequisites for Class 7, 4, and 1 levels



Approval Process

- **Application submitted to FEMA for review**
- **Final approval cannot take place until a visit is conducted and FEMA confirms your community's full compliance.**
- **Cycle verifications are conducted after the original application date :**
 - Every 5 years for Class 6-9 communities.
 - Every 3 years for Class 1-5 communities



CRS Activities

- **Series 300 - Public Information**
 - 320 – Map Information
 - 330 - Outreach Projects
 - 340 – Hazard Disclosure
 - 350 - Flood Protection Information
 - 360 – Flood Protection Assistance
- **Series 400 - Mapping and Regulations**
 - 410 – Additional Flood Data
 - 420 - Open Space Preservation
 - 430 - Higher Regulatory Standards
 - 430LD - Land Development Criteria
 - 440 - Flood Data Maintenance



Other CRS Activities Cont'd

- **Series 500 - Flood Damage Reduction**

- 530 - Flood Protection
- 540 - Drainage System Maintenance

- **Series 600 - Flood Preparedness**

- 610 - Flood Warning Program
- **620 - Levee Safety**
- **630 - Dam Safety**



Series 300 - Public Information

- Credits programs that **advise** people about the flood hazard, flood insurance, and ways to reduce flood damage.

- 320 - Map Information
- 330 - Outreach Projects
- 340 - Hazard Disclosure
- 350 - Flood Protection Information
- 360 - Flood Protection Assistance



Series 400 - Mapping and Regulations

- Provides credit to communities that enact and enforce regulations that **exceed** the NFIPs minimum standards so that more flood protection is provided for **new development**.
- These activities work toward the first and second goals of the CRS, damage reduction and accurate insurance rating.
 - 410 – Additional Flood Data
 - 420 - Open Space Preservation
 - 430 - Higher Regulatory Standards
 - 430LD - Land Development Criteria
 - 440 - Flood Data Maintenance



Series 500 - Flood Damage Reduction

- This series of activities addresses flood damage to existing buildings (repetitive loss).
- Credit is provided for a comprehensive floodplain management plan, relocating or retrofitting floodprone structures, and maintaining drainage systems.
- Work toward the first goal of the CRS, damage reduction.
 - 530 - Flood Protection
 - 540 - Drainage System Maintenance



Series 600 - Flood Preparedness

- Credits flood warning, levee safety, and dam safety programs.
- These activities work toward the first and third goals of the CRS, damage reduction and hazard awareness.
- They include actions that should be taken to minimize the effects of a flood on people, property, and building contents.
 - 610 - Flood Warning Program
 - 620 - Levee Safety
 - 630 - Dam Safety



How the CRS currently addresses levees

- Activity 620 provides a maximum of 900 CRS credit points for levee safety
- Its an incentive for levees to be properly maintained and operated even though they may not meet the base flood levee criteria
- The area protected by the levee must be shown as SFHA
- The levee must have been constructed before January 1, 1991
- Only 2 communities receiving CRS credit for 620
 - Burlington, WA and Lincoln, NE



Credit and Requirements

- **Credit based on:**
 - Levee Protection Level– between 25-100
 - Essentially 44 CFR 65.10 with exception to freeboard
 - Weighted credit
 - Operation, Maintenance, and Emergency Plans
- **O&M Plan**
 - “Must be under the jurisdiction of a Federal or State agency, an agency created by Federal or State law, or an agency of a community participating in the NFIP.”
- **Emergency Plan**
 - Must specify actions to be taken at various flood stages. Actions that must be included are:
 - Periodic patrols of the structure;
 - Closing openings that are structural parts of the system (sandbagging is not acceptable);
 - Warning local emergency officials when the flood reaches within 4 feet of the crown of the levee;
 - Monthly communications checks with local emergency officials;
 - Annual inspections of emergency equipment and stockpiles; and
 - Annual drills.



Activity 630 - Dam Safety

- **Credit is provided to the community based on its State's dam safety program and its own dam failure emergency response plan.**
- **Maximum Credit: 175 points**
 - **State Dam Safety Program (SDS)**
 - Up to 75 points are provided if the community is in a State with a dam safety program that has been accepted by the FEMA for CRS credit. The State dam safety office must state that the community's program is in compliance with the State program.
 - **Dam Failure Emergency Response Plan (DFP)**
 - Up to 100 points are provided for the community's dam failure emergency response plan.
- **If a State does not receive credit for this element, no community within that State is eligible for credit for this element.**
- **A community may also be eligible for credit under Activity 430 (Higher Regulatory Standards) if it requires new buildings to be protected from flooding caused by a dam failure.**



Questions

